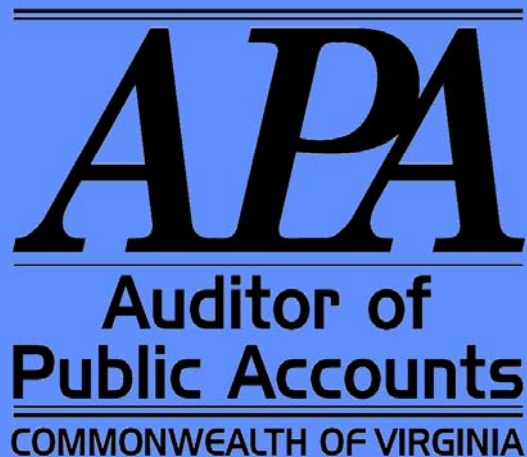


**DEPARTMENT OF EMPLOYMENT  
DISPUTE RESOLUTION**

**REPORT ON AUDIT  
FOR THE TWO-YEAR PERIOD ENDED  
JUNE 30, 2008**



## **AUDIT SUMMARY**

Our audit of the Department of Employment Dispute Resolution, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operations necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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### AGENCY HIGHLIGHTS

The Department of Employment Dispute Resolution administers the employee grievance procedures. In addition, the Department works to prevent and resolve employment-related disputes in state government through its statewide mediation works program, a toll-free advice line, and training on the grievance procedure and conflict resolution.

The table below compares the Department's original and adjusted budgets with actual expenses.

#### Original Budget to Actual Expenses

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual Expenses</u>
Fiscal Year 2008:			
General	\$1,075,770	\$1,088,633	\$1,068,455
Special	<u>273,352</u>	<u>273,352</u>	<u>144,275</u>
Total	<u>\$1,349,122</u>	<u>\$1,361,985</u>	<u>\$1,212,730</u>
Fiscal Year 2007:			
General	\$1,096,372	\$1,123,328	\$1,018,542
Special	<u>273,352</u>	<u>273,352</u>	<u>217,409</u>
Total	<u>\$1,369,724</u>	<u>\$1,396,680</u>	<u>\$1,235,951</u>

Personal services accounts for most of the Department's expenses. For fiscal year 2008 personal services and continuous charges accounted for 70 percent and 8.8 percent of total expenses, respectively.

#### Expenses by Major Object Code

	<u>FY2008</u>	<u>FY2007</u>
General Fund:		
Personal services	\$ 846,382	\$ 768,741
Contractual services	107,074	123,840
Supplies and Materials	6,381	8,400
Transfer Payments	154	75
Continuous charges	105,747	109,407
Equipment	2,717	3,420
Plant and Improvements	-	4,659
Special Fund:		
Special Revenue	141,084	209,683
Training/Education/Development	<u>3,191</u>	<u>7,726</u>
Total	<u>\$1,212,730</u>	<u>\$1,235,951</u>

**Subsequent Events**

In December 2008, the Governor submitted the budget for the period 2008 – 2010, which included a provision to consolidate the Department into the Department of Human Resource Management effective July 1, 2009. This action is dependent on the General Assembly concurring with the Governor's recommendation.



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

January 6, 2009

The Honorable Timothy M. Kaine  
Governor of Virginia  
State Capital  
Richmond, Virginia

The Honorable M. Kirkland Cox  
Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

We have audited the financial records and operations of the **Department of Employment Dispute Resolution** for the years ended June 30, 2007, and June 30, 2008. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of the Department's internal controls, test compliance with applicable laws and regulations and review corrective actions of audit findings from prior year reports.

## Audit Scope and Methodology

The Department of Employment Dispute Resolution's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Expenditures  
Revenue  
Payroll  
Small purchase charge card  
State travel charge cards

We performed audit tests to determine whether the Department's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Department's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

### Conclusions

We found that the Department of Employment Dispute Resolution properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Department records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### Exit Conference and Report Distribution

We discussed this report with management on January 6, 2009.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

AGENCY OFFICIALS

Department of Employment Dispute Resolution

Viola O. Baskerville, Secretary of Administration

Claudia T. Farr, Director

Deborah Henderson, Office Manager